

*Fourth
Annual Report
1965*

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REDSTONE MINES LIMITED

EXECUTIVE OFFICES: 3100 - 25 KING STREET WEST, TORONTO 1, CANADA

HEAD OFFICE

TORONTO, CANADA

OFFICERS

J. A. HARQUAIL - - - - - President
J. C. BYRNE - - - - - Vice-President
S. WISEBROT - - - - - Secretary
J. A. PALMER, C.A. - - - - - Treasurer

DIRECTORS

J. C. BYRNE - - - - - Toronto
J. M. EASSON - - - - - Toronto
DR. E. L. EVANS - - - - - Toronto
J. A. HARQUAIL - - - - - Toronto
D. C. SHARPSTONE - - - - - San Francisco

CONSULTANTS

SURVEYMIN LIMITED - - - - - Toronto

AUDITORS

GUNN, ROBERTS AND CO. - - - - - Toronto

BANKERS

ROYAL BANK OF CANADA - - - - - Toronto

SOLICITORS

TILLEY, CARSON, FINDLAY & WEDD - - - - - Toronto

REGISTRAR AND TRANSFER AGENT

MONTREAL TRUST COMPANY
15 King Street West - - - - - Toronto

Annual Meeting of Shareholders, Tuesday, May 31, 1966 at 11.30 A.M.
(Toronto Time), Upper Canada Room, King Edward Sheraton Hotel,
37 King Street East, Toronto 1, Canada.

Report of the Directors

Important developments are affecting your Company's major property holdings as this fourth annual report, which includes financial statements for the 1965 fiscal year, is submitted to you.

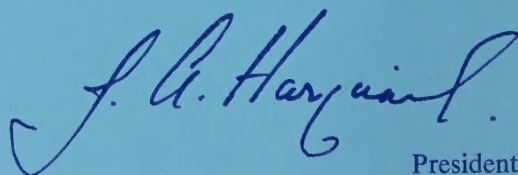
You were advised in last year's report that your directors believe a comprehensive exploration program is required to evaluate the extensive sedimentary copper belt owned by Redstone. This belt, in the Northwest Territories, is included in 591 claims (30,500 acres) which are owned by your Company and are in good standing for periods ranging from October, 1970, to October, 1974. Copper, silver, lead and zinc mineralization occurs at various locations along this belt which is 68 miles in length. All mineral showings known to us along this belt have been acquired by your Company.

These holdings cannot be evaluated properly without the expenditure of funds well in excess of those now in the Redstone treasury. You will note in the balance sheet that net current assets are about \$190,000. The next phase of the program, which would entail expenditures considerably in excess of those incurred during 1964 (when \$281,000 was spent), should consist of detailed geochemical and geophysical surveys carried on in conjunction with a deep drill program on the Plateau bedded copper deposit. Discussions are being held with several major mining and oil companies regarding participation in financing the next phase of the program.

Your directors have approved a 30 percent participation for Redstone in the Redfort Prospecting Syndicate which owns 160 claims located about 40 miles north-east of Watson Lake, Yukon Territory. High values in lead, zinc, silver and copper were obtained by prospectors in this district when it was active about ten years ago. Elgin Petroleum Corporation and Fort Reliance Minerals are associated with Redstone in the financing of this Syndicate. A total of \$45,000 has been subscribed by the three participants for this season's program. Exploration work is scheduled to start on the Redfort holdings early next month.

The success of Dynasty Explorations in the Yukon, and of Pine Point Mines and Pyramid Mines in the Northwest Territories, is significant to Redstone's future. Feasibility studies, on the location of smelters near the Pine Point and Dynasty operations, are now in progress. Your Company's properties are about midway between the Dynasty and Pine Point developments and only 75 miles from the producing tungsten mine of Canada Tungsten Corporation. These mine developments, coupled with the discovery of the Rainbow oil field in northwestern Alberta, have resulted in a widespread awakening of interest in the mineral worth of Canada's north. If the orebodies prove to be large enough, and rich enough, transportation problems can be solved.

On behalf of the Board,



President.

Toronto, Canada,
May 18, 1966.

STATEMENT OF EXPLORATION AND ADMINISTRATIVE EXPENDITURES DEFERRED

For the year ended December 31, 1965

EXPLORATION:

Equipment rental and repairs	\$ 2,468	
Transportation of equipment	7,129	
Licenses and recording fees	1,246	
Other expenses (net)	(227)	
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	10,616	
Deduct rebate of road costs	782	\$ 9,834
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ADMINISTRATIVE AND GENERAL:

Management, consulting and office service fees	16,800	
Legal fees and expenses	175	
Audit fees	350	
Share transfer and share issue expenses	348	
Reports to shareholders	420	
Other expenses	1,311	19,404
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		29,238
DEDUCT: Interest earned	9,044	
Profit on sale of bonds	3,685	12,729
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Expenditures (net) for the year		16,509
Balance deferred at January 1, 1965		715,885
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Balance deferred at December 31, 1965		\$ 732,394
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Balance Sheet—

ASSETS

CURRENT ASSETS:

Cash	\$ 1,686	
Short term securities at cost which approximates market value	190,399	
Accounts and accrued interest receivable	1,193	
Prepaid expenses	635	\$ 193,913

MINING CLAIMS:

Claims held under certificates of work in the Nahanni Mining District, Northwest Territories, acquired for 1,200,000 shares of the company's capital stock issued at 25¢ per share	300,000
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OTHER ASSETS AND DEFERRED EXPENDITURES:

Interest in exploration syndicate at cost	2,500	
Exploration and administrative expenditures deferred	732,394	
Organization expense	2,881	737,775

Approved on behalf of the Board:

J. A. HARQUAIL, Director.

J. C. BYRNE, Director.

\$1,231,688

AUDITOR

To the Shareholders of
Redstone Mines Limited:

We have examined the balance sheet of Redstone Mines Limited as at December then ended. Our examination included a general review of the accounting procedures and in the circumstances.

In our opinion the accompanying balance sheet and statement of exploration and as at December 31, 1965 and the results of its operations for the year then ended, in accordance of the preceding year.

Toronto, Canada,
March 11, 1966.

nes Limited

(of the Province of Ontario)

December 31, 1965

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued liabilities \$ 1,506

SHAREHOLDERS' EQUITY:

Capital stock (see note)

Authorized — 5,000,000 shares without par value

Issued — 3,584,928 shares 1,230,182

Note: There are 60,000 shares of the company's capital stock under option to an officer of the company at 35¢ per share expiring on April 30, 1969.

\$1,231,688

REPORT

1965 and the statement of exploration and administrative expenditures deferred for the year
ch tests of accounting records and other supporting evidence as we considered necessary

administrative expenditures deferred present fairly the financial position of the company
nce with generally accepted accounting principles applied on a basis consistent with that

GUNN, ROBERTS and CO.,
Chartered Accountants.

